

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS: Grade AA butter increased 5 cents to \$2.1200. Barrel cheese is unchanged at \$1.5075 and 40# blocks are unchanged at \$1.6575.

BUTTER: Following the all time high cash trading recorded at the Chicago Mercantile Exchange July 24, the butter industry again was adjusting prices and planning strategy for the future. Most within the industry felt the market was firm, thus the increase was no surprise. Buying interest during the week has been good, although buyers are cautious and basically purchasing for short term or immediate needs. Inventories at most levels of the market are being maintained as low as possible. Butter continues to enter the country from foreign sources and stocks within the U.S. continue to move interregionally. Cream sales for other cream-based products was slower this week, thus butter production was slightly heavier.

CHEESE: A concerted effort to narrow the block/barrel spread from 15 cents was made by bidding up the barrel price, but adequate supplies were available to keep buyers from succeeding. The barrel volume traded (53 loads) ties the all time largest weekly volume at the Chicago Mercantile Exchange cash exchange. Cheese production is steady to lower reflecting available milk supplies.

FLUID MILK: Milk receipts are declining through most of the South and East, relatively steady in the upper Midwest, and steady to lower in the West. Florida continued to import significant quantities of milk to supplement local offerings. Manufacturing plant schedules are steady to lower, reflecting available milk supplies. Cream offerings are increasing and demand is steady to somewhat lighter as prices advance.

DRY PRODUCTS: The commercial NDM market remains quiet as production and inventories continue to exceed demand. Medium and low heat powder interest for DEIP and sales to CCC continue to help balance supply with demand. Buttermilk is steady to firm as offerings decline due to reduced churning and strong seasonal condensed sales. The whey market is steady to firm, though buyer resistance to higher prices is developing. Some traders feel whey prices may be near the peak. Prices for WPC are higher as demand exceeds current supplies.

CCC: On July 22, CCC announced that it will begin purchasing NDM, fortified with vitamins A and D, to meet the needs of foreign donation programs

and will pay \$1.0380 per pound, 1 cent per pound more than nonfortified. During the week of July 27 - 31, CCC net purchases totaled 242,458 pounds of NDM under the price support program, the lowest net total since late November.

FEDERAL MILK ORDER MARKET SUMMARY (FMMOS): During June, about 7.4 billion pounds of milk were marketed under Federal orders. Producer deliveries were about 2.7% less than June 1997, and about 4.9% less than May 1998 on a daily average basis. Milk utilized in Class I products in June was 0.3% less than last year on an adjusted basis. Class I use this year represented 47% of producer milk deliveries compared to 36% in June 1997. The average blend price was \$13.90 per cwt., \$1.63 more than last year. The following are changes in class prices from year-earlier levels: Class I, up \$0.57; Class II, up \$0.57; Class III, up \$2.36; and Class III-A, up \$3.18.

DAIRY OUTLOOK AND SITUATION (ERS): Soaring butter prices have sharply boosted cheese prices and promise summer milk prices will be substantially higher than earlier expected. Strong growth in milkfat demand, while milk production has been largely stagnant, shot butter prices to record highs in late June. Spring milk output rose about 1% as declines in milk cow numbers eased and expansion in milk per cow picked up. Sharply higher farm milk prices and continued erosion in prices of concentrate feeds are expected to produce favorable, possibly quite favorable, milk-feed price relationships during the second half of 1998. By late 1998, milk production could be on a solid expansion course. However, production response is unlikely to do much to alter summer milk markets. Strong production stimulus during the second half of 1998 could affect 1999 output considerably more than this year's. Even if the BFP fails to hold its early summer level, average prices of all milk during the summer quarter are expected to average \$1.50 to \$2.25 per cwt higher than a year ago, following a rise of about \$1 during the first half of 1998.

COMMERCIAL DISAPPEARANCE (ERS & AMS): Commercial disappearance of dairy products during the first 5 months of 1998 totals 65.425 billion pounds, 3.0% more than the comparable period in 1997. Comparing disappearance levels with a year ago: American and other cheese were higher but butter, NDM, and fluid milk products were lower.

*****SPECIALS THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

LST = Last Significant Transaction

BUTTER ON FRIDAY, JULY 31, 1998
(CARLOT UNIT = 40,000-42,000 LBS.)

GRADES	:	CLOSE	:	CHANGE
AA	:	\$2.1200	:	+0500

SALES: NONE

BIDS UNFILLED: 5 CARS: 1 @ \$2.1200 (LST),
1 @ \$2.1150, 2 @ \$2.0000, 1 @ \$1.9700

OFFERS UNCOVERED: 1 CAR @ \$2.2500

CHEESE ON THURSDAY, JULY 30, 1998
(CARLOAD UNIT = 40,000-44,000 LBS.)

STYLES	:	CLOSE	:	CHANGE
BARRELS	:	\$1.5075	:	N.C.
40# BLOCKS	:	\$1.6575	:	N.C.

SALES: 53 CARS BARRELS: 21 @ \$1.5500,
5 @ \$1.5425, 5 @ \$1.5400, 3 @ \$1.5500,
5 @ \$1.5450, 2 @ \$1.5500, 5 @ \$1.5450,
2 @ \$1.5500, 3 @ \$1.5400, 2 @ \$1.5250

21 CARS 40# BLOCKS @ \$1.6575 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 8 CARS BARRELS: 5 @ \$1.5075 (LST),
1 @ \$1.5600, 1 @ \$1.6075, 1 @ \$1.6275

2 CARS 40# BLOCKS: 1 @ \$1.7000, 1 @ \$1.7575

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--MARCH-MAY AND YEAR-TO-DATE 1997-98 1/

Item	Mar.-May 1997	Percent change 4/	Mar.-May 1998	Percent change 4/	Jan.-May 1997	Percent change 4/	Jan.-May 1998	Percent change 4/
	Million Pounds							
<u>MILK</u>								
Production	41,002	1.7	41,281	0.7	66,274	1.3	66,764	0.7
Marketings	40,642	1.7	40,941	0.7	65,683	1.3	66,205	0.8
Beginning Commercial Stocks 2/	5,235	3.6	5,640	7.7	4,704	14.8	4,889	3.9
Imports 2/	604	6.0	906	50.0	947	8.7	1,317	39.1
Total Supply 3/	46,481	2.0	47,487	2.2	71,334	2.2	72,411	1.5
Ending Commercial Stocks 2/	7,548	33.5	6,665	-11.7	7,548	33.5	6,665	-11.7
Net Removals 2/	175	430.3	122	-30.3	239	469.0	321	34.3
Commercial Disappearance 3/	38,758	-2.9	40,700	5.0	63,547	-0.8	65,425	3.0
<u>SELECTED PRODUCTS 5/</u>								
Butter	253.5	-20.7	267.8	5.6	467.8	-15.0	456.8	-2.4
American Cheese	797.5	-4.1	849.7	6.5	1,344.5	2.0	1,394.8	3.7
Other Cheese	1,066.3	2.2	1,129.8	6.0	1,720.4	3.6	1,779.3	3.4
Nonfat Dry Milk	236.1	-24.2	236.0	0.0	406.6	-15.9	365.4	-10.1
Fluid Milk Products 6/	14,018.3	-0.4	13,788.7	-1.6	23,280.3	-0.5	22,946.9	-1.4

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

BUTTER MARKETS

NORTHEAST

The premium structure is unchanged, but butter prices did advance 8 1/2 cents. The market tone is unsettled. Many traders, following three weeks of unchanged prices at the CME, were a little surprised by the most recent jump. Needless to say, this is a record high price and the first time that AA butter price, at the exchange, has exceeded \$2.00 per lb. The supply-demand picture has not changed significantly in the past few weeks, but contacts theorize that a big jump in futures' settling prices had pushed the cash market price to the current level. Production levels are light to moderate and bulk and print butter stocks range from light to adequate. Retail and food service sales are steady.

CENTRAL

Butter markets are firm. Following cash butter trading at the Chicago Mercantile Exchange July 24, the AA butter price is the highest on record. The increase received mixed opinions. Some were surprised that the AA price surpassed the \$2.00 mark while others feel that continued firmness could occur. Churning schedules are reported to be lighter than desired. A few factors affecting current churning schedules are: high cost for cream, strong demand for cream from ice cream producers, churning for current needs versus building inventories, and less milk available due to lower production and stronger Class I demand from outside of the Midwest. Overall demand remains quite good, but producers and handlers are questioning what will sales be now that cash prices are at this level.

WEST

Butter markets are firm as the AA cash price at the Chicago Mercantile Exchange reached a new record level. Butter producers are finding that buyers are more cautious about placing orders and cream buyers are also more hesitant at current price levels. Up to this point, cream sales have been strong for ice cream production and from buyers in other parts of the country. Now, these buyers are more cautious. Ice cream production during the summer season has been strong to meet the good demand, but producers question how much longer the strong sales will continue. Butter producers continue to monitor inventory levels and are basically maintaining production schedules to fill immediate or short term butter needs. Thus far, butter sales have been quite steady, but producers question future demand now that cash prices have surpassed the \$2.00 level.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE
JULY 24, 1998 CLOSE = \$2.0700

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+4 TO +5	+1 TO +4	-4 1/2 TO flat

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
	:	:
07/27/98	10,284	109,139
07/01/98	10,735	107,011
CHANGE	-451	+2,128
% CHANGE	-4	+ 2

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
JULY 24	1,6374	1,5695	1,5893	1,5967	1,5300	1,4942	1,5109
	1,405,971	3,798,068	5,379,963	1,288,778	3,793,914	4,249,964	8,043,878

Further data and revisions may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Process and Swiss prices are unchanged; natural cheddar and Muenster prices are unchanged to five cents higher. The market tone is mixed, firm on cheddar, but steady on process items. Cheese production in the Northeast is steady to lighter as milk supplies tighten seasonally. Cheese is readily available for most buyer needs. Demand is slow to fair at the retail level, but fairly good for food service needs.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5200-2.1400
Cheddar Single Daisies	:	1.4900-2.1450
Cheddar 40# Block	:	1.7950-1.9450
Process 5# Loaf	:	1.6875-1.8450
Process 5# Sliced	:	1.6975-1.9025
Muenster	:	1.7275-2.1525
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. At the Chicago Mercantile Exchange on July 23, barrels were unchanged at \$1.5075 and blocks increased 5 cents to \$1.6575. The 15 cents spread between blocks and barrels is providing plant operators the incentive to shift as much production as possible from barrels to blocks. Those unable to shift from barrels are at a great disadvantage due to lower returns when compared to blocks. More than a few industry representatives question whether the current supply and demand situation for cheese warranted a higher price. Many traders remember the effect that high cheese prices during 1996 had on sales in late 1996 and 1997. Current orders are sluggish with cutters hard pressed to keep busy on regular schedules as buyers are comfortable with current inventories. Others find that movement is still steady. Some improvement in medium and aged cheddar sales is occurring for a few traders. Process orders are mixed, best from food service accounts and generally slower from retail. Cheese yields are at low, summer levels due to the fat and protein levels in milk receipts. Cheese production is steady to occasionally lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.9000
Brick And/Or Muenster 5#	:	1.8800-2.1400
Cheddar 40# Block	:	1.9000-1.9225
Monterey Jack 10#	:	1.9150-2.1225
Blue 5#	:	2.2650-2.4200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-2.0075
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JULY 27 - 31, 1998
BARRELS*	:	\$1.5075 - 1.5275
	:	
40# BLOCKS	:	\$1.6475 - 1.6875
	:	(\$0.0400) (.0500)
() Change from previous week. * If steel, barrel returned.		

WEST

Western cheese prices are slightly higher for most items with the exception of process, which is steady. Demand for process items continues to be weaker. Block demand is still good following the five-cent increase at the CME on July 24. Mozzarella sales are indicated to be good and contacts anticipate future orders to remain active. Swiss orders are holding steady in a mostly balanced market. Production levels continue to trend seasonally lower and are often compounded by hotter weather affecting milk output.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7300-1.9200
Cheddar 40# Block	:	1.8200-1.9200
Cheddar 10# Cuts	:	2.0000-2.1800
Monterey Jack 10#	:	2.0100-2.1425
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.4300

FOREIGN TYPE

Prices of domestically made cheeses are generally five cents higher. The market activity is seasonally slow to fair. Recently, there has been some interest for cheddar types to be imported for use as processing solids. With U.S. prices so high, it is now much more feasible to bring in cheddar types for processing. Retail demand for foreign type cheese is seasonally slow.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.9925-2.6025*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.6875*
Parmesan (Italy)	: TFEWR	: 3.4025-3.4425*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6650-2.1925*
Romano (Cows Milk)	: -0-	: 3.1700-3.5125*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Milk production is dropping in most sections of the East. Rates of decline vary from slight in the Northeast to quite rapid in the Southeast. Very hot weather and drought conditions persist in Texas and other Southern States. Parts of Texas are into their third consecutive week of 100+ degree temperatures. Not only are the cows affected by the weather, pasture conditions and feed quality are becoming a concern. This week, Florida handlers imported about 72 loads of milk from the Middle Atlantic area. More were scheduled, but later canceled due to changes in the supply/demand situation. During the same week last year, 90 loads were shipped into Florida. Handlers in the Carolinas and other Southeastern states imported another 50 - 60 loads from Northern suppliers. In the Northeast, milk supplies are steady to lighter. Manufacturing plants are operating on reduced schedules because of lighter receipts and inter-region shipments. Southeastern balancing plants are now idle or operating on an as needed basis. Demand for surplus milk is fair to good. Some contacts state that milk usage in Class II products has been very good during July. This may, or may not, be attributed to the sharp jump in Class II milk prices coming up on August 1. It is not uncommon for Class II producers to step up output during months when milk prices are well below the coming month's price. The condensed skim market is still quite firm. Demand is good and prices are unchanged. However, suppliers are already announcing their condensed skim prices for August and they are generally higher than July. The fluid cream market is a little weaker this week. Cream offerings are increasing and more suppliers have more cream to sell this week. Multiples are often lower, but with the butter price at \$2.07, spot cream prices are mostly higher. Ice cream makers are still taking contracted and some spot loads, but cream cheese producers are limiting spot purchases. The hot weather is keeping ice cream consumption quite high, but where temperatures are the hottest, sales seem to lag. Churning activity is moderate in the Northeast. Reportedly, Midwestern butter makers are lowering the multiples they are now willing to pay for cream. This is predicated on the increasing volumes of cream and the high price of butter.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	2.6910 - 2.8980
Delivered Equivalent Atlanta	-	2.6910 - 2.8980 M 2.7324 - 2.8152
F.O.B. Producing Plants: Upper Midwest	-	2.6910 - 2.8980

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.6500 - .9450
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 24 - 30, 1998	17
PREVIOUS WEEK	24
COMPARABLE WEEK IN 1997	0

DESTINATIONS: KENTUCKY 8, MISSOURI 9

Class I movement is generally improved as bottlers and retailers build inventory ahead of the large, \$2.22 increase in the minimum Class I prices in August, and the usually stronger first of the month sales. A few retail milk features were also stimulating sales and reduced the volume of shipments out of the area. Early season milk shipments South from upper Midwestern states continues to run heavier than a year ago. A total of 7 loads of Wisconsin milk was sent to Kentucky for Class II use and not included in the total. Manufacturing milk volumes were lower and reported prices ranged from \$1.00

to \$1.75 over class/MCP. Cream prices are higher, reflecting the increase in the butter price at the Chicago Mercantile Exchange. Strong cream demand is keeping local supplies tight as imports from the West Coast continue. At least one ice cream manufacturer, concerned with current high prices, backed off slightly on cream use to help balance production and inventory with anticipated sales. Milk intakes are irregularly about steady to slightly lower. Some locations have noticed receipts rebounding somewhat with the return of cooler, less humid weather. Reports that corn silage may be chopped soon as salvage feed in Michigan due to lack of rain, mainly on non-irrigated sandy soils. Other parts of the upper tier of states remain very dry and may affect late cutting hay volume.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 38.00	\$ 38.00- 43.00
REPLACEMENT HEIFER CALVES	\$ 125.00-165.00	\$ 90.00-140.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JULY 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.50- 41.00	\$ 38.00- 45.25

W E S T

June pool receipts of milk in California total 2.247 billion pounds, up 2.2% from last year. Cumulative output for the first half of the year total 13.28 billion pounds, up 2.5% from the same period in 1997. The blend price, at a fat test of 3.57%, is \$1.04 higher than May at \$13.98. The percentage of receipts used in Class 1 products is 22.69%. The June 1998 quota price is \$15.05 and the base and overbase prices are \$13.35. These prices are \$1.14 higher than last month and \$2.41 higher than June 1997. Hot weather continues in most areas of the Southwest. In Arizona, temperatures above 110 degrees persist and humidity levels are increasing. Both are compounding milk production declines. California also continues to experience hot and humid weather conditions. In the south and central valley, weather conditions are adversely affecting milk output. Some areas are seeing milder conditions and milk production is rebounding, but overall, production levels are trailing year-ago levels. Cream multiples are being stressed this week as demand is often lower. Cream is more available in the Midwest and buyers there are not having to look as far for supplies. Multiples are often lower in the 114 to 125 range. Another record high butter price at the CME last week is again causing cream prices to increase. Some contacts are concerned over higher Class 2 prices in California in the coming months. In the Northwest, the hot temperatures of the past week have moderated. Temperatures in the upper 90's to low 100's have eased into the lower and mid 90's. The effects of the hot temperatures were not significant on overall milk production. Many milk handlers stated that receipts were slightly lower, but feel that the cooler nights helped offset the negative impact of the hot days. Milk volumes vary depending on overall production patterns. In most areas, production capacity at manufacturing plants is running at or near capacity levels. As the openings of schools approach, some milk handlers anticipate lighter volumes for manufacturing as school bottling once again resumes. It will take a week to 10 days for milk logistics for bottling versus manufacturing to balance out. Feed stocks and availability are a common topic of discussion throughout the region. Hay quality is usually at the top of most discussion lists. Feeder type hay is the most abundant. Late cuttings, rain damaged, low protein levels, and stemmy are common terms that enter most conversations. In some areas, second cutting has not yet occurred which will further reduce quality and quantity of hay from the Northwest this production season. The silage corn crop looks good in most areas, although some late season plantings are giving cause for concern.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/30/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are steady and the market tone remains weak. Minimal interest continues to dominate the marketplace. High heat sales are better and a few producers are sold out. Production levels are seasonally lower as milk intakes drop approximately 15 - 20%. During the week of July 20 - 24, Central producers offered 626,808 pounds of NDM to the CCC under the price support program.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0150 - 1.0450 MOSTLY: 1.0250 - 1.0350

DRY BUTTERMILK - CENTRAL

Prices are unchanged and the market tone is steady. Offerings are obtainable from many producers. A few more sales were reported, but overall buying interest remains unaggressive. In addition to current production, some older stocks are also available at mixed discounts. Producer stocks are moderate and satisfying needs.

BUTTERMILK: .9300 - .9600

DRY WHEY - CENTRAL

Prices adjusted fractionally and the market tone is quiet. Demand ranges from steady to slower as buyers are less aggressive this week. However, sales are still occurring. Offerings with lower premiums can be found from producers and resellers. Many believe that the market is near its peak. Sources indicate supply and demand are in closer balance. As milk shipments continue to head South, the availability of manufacturing milk is becoming tighter.

NONHYGROSCOPIC: .2725 - .2900 MOSTLY: .2775 - .2825

ANIMAL FEED WHEY - CENTRAL

Prices were adjusted lower for milk replacer and standard, but remain steady on delactose and roller ground. Offerings are available from many sources. Interest in milk replacer is steady to better. Hog business remains slow as feeders continue to battle with low slaughter prices. The roller ground market is steady. Delactose sales range from steady to active. Producers stated that supply and demand are in close balance. Hot conditions are causing processing problems at some plants.

MILK REPLACER: .2400 - .2725
STANDARD: .2250 - .2400
ROLLER GROUND: .2900 - .2950
DELACTOSE (Min. 20% protein): .3275 - .3675

LACTOSE - CENTRAL AND WEST

Prices are unchanged and the market tone remains weak. Offerings are available from almost every producer. Many are negotiable on spot prices depending upon the product age and quality. Sales are slow as many buyers work off current inventories. Demand from the feed sector has helped to alleviate some of the older stocks. Production levels are declining with milk production levels.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2400 MOSTLY: .1800 - .1900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher and the market tone is firm. This continued firmness is driving demand. Buyer interest is strong, but supplies are often not enough to fill needs. Many producers are sold out and turning away buyers. The majority of sales are occurring through resellers. Milk production patterns and Southern fluid shipments are reducing manufacturing milk availability. Producer stocks vary from balanced to tight.

EXTRA GRADE 34% PROTEIN: .5600 - .5925 MOSTLY: .5725 - .5825

NONFAT DRY MILK - WEST

Low/medium nonfat dry milk prices are unchanged, but an effort to raise prices is developing. Several producers continue to offer NDM at or near the low end of the range in order to move existing inventories and current production. Demand for medium heat powder for DEIP commitments has improved. Some producers are switching from offering surpluses to the CCC under the support program to making NDM for DEIP contracts. Overall, supplies remain in excess of current needs. Plant level stocks vary from light to heavy. NDM production is trending lower as milk production is lower in many areas due to continues hot weather conditions. High heat prices are showing increases. Demand is improved and plant offerings and stocks are limited.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0100 - 1.0450 MOSTLY: 1.0250 - 1.0350
HIGH HEAT: 1.0550 - 1.0700

DRY BUTTERMILK - WEST

Dry buttermilk prices are slightly higher and the tone of the market continues firmer. Production is limited in the region at many locations as churning schedules remain light due to good sales of cream to non churners. Condensed buttermilk sales are active to ice cream accounts. The demand for dry buttermilk has improved in the past few weeks. Stocks are still available from plants in the region and are adequate to supply current demand. Levels vary with some plants cleaned out, while others have inventories.

BUTTERMILK: .9100 - .9700 MOSTLY: .9250 - .9350

DRY WHEY - WEST

Whey prices are generally unchanged although the market tone is showing continued signs of firmness. Sellers are offering whey at higher prices, but price resistance is occurring on the part of potential buyers. Stocks range from fully committed to in balance for current needs. Export interest continues for Mexico, but Asian buyers are less active as domestic prices increase.

NONHYGROSCOPIC: .2250 - .2600 MOSTLY: .2350 - .2400

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 24, on powder sales of 14,577,297 pounds f.o.b. California manufacturing plants was \$1.0341 per pound. This compares to 9,844,264 pounds at \$1.0347 for the previous week ending July 17, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to fractionally higher. More increases within the ranges were noted. A firmer tone is being noted in the Northeast. Much of the firmness is coming from: lower milk production, increased shipments of Grade A milk to Southeastern buyers, continued good call for condensed skim, improved DEIP sales, and lighter inventories. Most Northeastern dryers are operating on reduced schedules and their inventories are dwindling. Therefore, many have increased prices and/or eliminated large-volume sales. Conversely, many have committed to long term, multi load DEIP deals. Domestic demand is fair, but most buyers do indicate that they can't get low-priced powder as easily as they did a few weeks ago. Last week, CCC announced that it will begin purchasing NDM, fortified with vitamins A & D to meet the needs of foreign donation programs and will pay \$1.0380 per pound.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0250 - 1.0500
 HIGH HEAT: 1.0600 - 1.1100 MOSTLY: 1.0700 - 1.0800
 DELVD SOUTHEAST:
 ALL HEATS: 1.0600 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower and the market tone is steady. Production levels are light to moderate. However, more cream was available to butter makers this week. Drying schedules are light and most buttermilk is being cleared as a liquid. Dry stocks are closely balanced with needs. Demand remains slow to fair.

F.O.B. NORTHEAST: .9300 - .9500
 DELVD SOUTHEAST: .9500 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices and the market tone are mostly unchanged. Some producers, anticipating a second consecutive sharp jump in the BFP, have already announced price increases for August. Production levels are light to moderate and generally geared to meeting existing orders. Some DEIP bids have been accepted and one large volume deal (20% of the program total) was accepted this week. Domestic demand is steady.

F.O.B. PRODUCING PLANT: 1.4500 - 1.5650

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH JULY 24, 1998
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	19,663	MT (43,349,049 LBS)
CHANGE	--	2,790	MT (6,150,834 LBS)
WHOLE MILK POWDER	--	80	MT (176,368 LBS)
CHANGE	--	80	MT (176,368 LBS)
CHEESE	--	467	MT (1,029,548 LBS)
CHANGE	--	171	MT (376,987 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	15,357	MT (33,856,042 LBS)
CHANGE	--	1,197	MT (2,638,906 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
 Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;
 Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to fractionally higher. However, the market tone is showing more signs of leveling off. Producers are still fairly well sold out, but traders are offering product at competitive prices. There is continued resistance to the higher prices. Some buyers are working off inventories before making additional spot purchases. Production levels are lighter and one sign of firmness in the market. As milk production drops and more milk is shipped to meet Class I needs in other regions, less surplus milk is available to Eastern cheese makers.

F.O.B. NORTHEAST:	EXTRA GRADE	.2800 - .2875
	USPH GRADE A	.2800 - .2950
DELVD SOUTHEAST:		.3175 - .3225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Dry whey production levels remain light to moderate. Offerings are generally adequate to meet the steady, slow demand from the animal feed section of the market.

F.O.B. NORTHEAST: MILK REPLACER TFWER

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are often lighter due to tighter supplies of surplus milk. Also, producers expect another good sized jump in the July Class III milk price. Producer stocks are light to moderate and most plants are trying to build stocks for the fall/winter buying season. Demand is steady. The Kansas City Commodity office announced the purchase of 330,480 pounds of canned evaporated milk under EVD-1, invitation 470 at prices ranging \$.4977- .5005 per pound for delivery in September 1998.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices are unchanged, but the market tone is weak. Stocks of both acid and rennet are reported to be readily available for buyer needs. Spot offerings of lower priced casein continue to be offered. Deliveries of casein are on schedule and buyers do not anticipate any supply problems for the balance of the year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0500 - 2.1600
ACID:	2.0000 - 2.1000

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR JUNE 1998. During June, about 7.4 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in June 1998 and 1997, the following comparisons involving producer deliveries have been estimated.) Producer deliveries were about 2.7 percent less than June 1997, and about 4.9 percent less than May 1998 on a daily average basis. Milk utilized in Class I products in June was 0.3 percent less than last year on an adjusted basis. Class I use this year represented 47 percent of producer milk deliveries compared to 36 percent in June 1997. The average blend price was \$13.90 per cwt., \$1.63 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$0.57; Class II, up \$0.57; Class III, up \$2.36; and Class III-A, up \$3.18.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 1998										
FEDERAL MILK ORDER MARKETING AREAS 1/	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE 2/		BUTTER-FAT DIFF. 3/
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	497.3	7.3	213.4	8.4	43	42	14.40	13.04	21.7
New York/New Jersey (NY City)	2	1,010.3	1.1	380.9	8.9	38	35	14.13	12.59	21.7
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	538.7	-7.2	213.5	-10.0	40	41	14.12	12.85	---
NORTHEAST REGION		2,046.2	0.2	807.8	3.0	39	38	14.19	12.77	21.7
Carolina (Charlotte)	5	240.9	8.4	199.8	18.2	83	76	14.70	13.83	21.7
Southeast (Atlanta/Birmingham)	7	441.1	2.4	360.7	18.0	82	71	14.73	13.72	21.7
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 4/	222.7	-3.3	196.5	4.5	88	82	15.36	14.48	21.7
SOUTHEASTERN REGION	5/	222.7	-3.3	196.5	4.5	88	82	15.36	14.48	21.7
Michigan Upper Peninsula (Marquette)	44	4.4	-20.4	4.0	3.5	90	69	13.30	12.19	21.7
Southern Michigan (Detroit)	40*	370.0	-3.9	160.9	6.5	43	39	13.46	12.19	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	281.6	-1.1	134.5	5.8	48	45	13.45	12.06	---
Ohio Valley (Columbus)	33	257.3	-2.2	126.5	6.1	49	45	13.43	12.40	---
Indiana (Indianapolis)	49	155.7	-7.6	94.1	3.0	60	54	13.41	12.64	---
Chicago Regional	30*	450.0	-68.8	229.7	20.1	51	13	13.23	11.28	---
Central Illinois (Peoria)	50	15.2	-8.1	12.5	16.5	82	65	13.47	12.35	21.7
S. Illinois-E. Missouri (Alton)	32	136.8	-27.7	81.3	4.8	59	41	13.46	12.20	21.7
Louisville-Lexington-Evansville	46	105.9	14.9	87.7	20.8	83	79	14.03	13.16	21.7
Upper Midwest (Minneapolis)	68*	342.7	-61.1	122.9	4.9	36	13	13.10	11.09	---
Iowa (Des Moines)	79*	110.2	-56.9	50.0	-28.1	45	27	13.47	11.60	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	125.1	-19.6	47.0	1.0	38	30	13.36	11.83	---
Greater Kansas City/E. S. Dakota	64 6/ 7/	45.3	12.1	---	---	---	---	13.79	12.85	21.7
MIDWEST REGION	5/	2,138.8	-43.5	1,013.3	8.3	47	25	13.34	11.60	21.7

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	253.1	-3.6	110.8	-1.2	44	43	14.00	12.58	21.7
Texas (Dallas)	126	425.3	-20.3	253.8	0.4	60	47	14.11	12.89	21.7
SOUTHWEST REGION		678.4	-14.8	364.5	-0.1	54	46	14.07	12.79	21.7
E. Colorado/W. Colorado (Denver)	137 <u>6/</u>	141.2	0.0	66.9	9.4	47	43	13.84	12.33	21.7
SW. Idaho/E. Oregon (Boise)	135	149.3	-42.0	14.9	1.4	10	6	13.15	10.90	---
Great Basin (Salt Lake City)	139	164.6	-22.3	72.0	6.1	44	32	13.41	11.80	---
Central Arizona (Phoenix)	131	224.4	14.2	76.0	-2.2	34	40	14.15	12.35	21.7
New Mexico-West Texas (Albuquerque)	138	155.4	-23.3	49.7	-1.9	32	25	12.80	11.90	21.7
Pacific Northwest (Seattle/Portland)	124	561.5	-0.6	167.2	-0.8	30	30	13.87	12.12	---
FAR WEST REGION		1,396.4	-11.3	446.6	1.4	32	28	13.66	11.90	21.7
COMP MKT. AVERAGE OR TOTAL	<u>5/</u>	6,482.5*	-23.1*	2,828.8	4.3	44	32	13.82	12.13	21.7
ALL-MKT. AVERAGE OR TOTAL	<u>7/ 8/</u>	7,425.9*	-22.6*	3,527.0	3.0	47	36	13.90	12.27	21.7
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		12,366.8	2.6	5,034.3	0.0	41	42			
Southeastern Region	<u>5/</u>	1,520.8	-3.6	1,292.1	0.2	85	82			
Midwest Region	<u>5/</u>	20,665.7*	1.6*	6,267.9	-1.2	30	31			
Southwest Region		4,811.2	-6.9	2,262.6	-4.8	47	46			
Far West Region		8,759.8	-5.8	2,791.1	-0.4	32	30			
COMP MARKET AVERAGE OF TOTAL	<u>5/</u>	48,124.4*	-0.7*	17,648.0	-1.1	37	37	13.81	12.81	----
ALL MARKET AVERAGE OR TOTAL	<u>7/ 8/</u>	55,435.2*	-0.5*	22,199.3	-0.8	40	40	13.94	12.93	----

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 2.0 billion and 140 million pounds of milk in June 1998 and 1997, respectively, that normally would have been pooled under these orders. The total estimated amount not pooled for this reason through the month of June are: for 1998, 2.6 billion pounds; and for 1997, 2.6 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for June, Midwest region -2.0; Southwest region -1.2, Far West region -6.3, comparable market average -2.2, and all market average -2.7. Year to date, Midwest region +0.3, Southwest region -4.8, Far West region -4.9, comparable market average -0.7, and all-market average -0.4. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$15.49. (4.0 minus 3.5 equals .5; 5 times \$.217 equals \$1.085; \$14.40 plus \$1.085 equals \$15.485.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1998, \$15.55; 1997, \$14.58; and Southeastern Florida: 1998, \$16.00; and 1997, \$15.17. 5/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1997-98 and for which the data were not affected significantly by marketing area changes. Data for Iowa and Greater Kansas City/Eastern South Dakota are no longer comparable; some of the data during this period could not be released without revealing individual business operations. Due to the termination of the Tennessee Valley order, the data for Carolina, Southeast, and Louisville-Lexington-Evansville are no longer comparable and were excluded, where applicable. Most of the milk that would have been pooled under the terminated order was pooled under these three orders. 6/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1998, \$13.27; 1997, \$11.78; and Western Colorado: 1998, \$13.98; 1997, \$12.93. 7/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are excluded from all-market figures; see 5/. 8/ The data for 1997 includes the Tennessee Valley marketing area; see 5/.

THE DAIRY SITUATION AND OUTLOOK*

Butter Prices Soar. Soaring butter prices have sharply boosted cheese prices and promise summer milk prices will be substantially higher than earlier expected. Strong growth in milkfat demand, while milk production has been largely stagnant, shot butter prices to record highs in late June. Except for a brief period at the start of 1998, butter prices have been relatively high since mid-1997. Butter prices are expected to remain fairly high during the rest of 1998. However, current price levels may start to erode once milkfat users have a better idea of the market balance for the tight summer season and become a little freer about selling any supplies beyond their likely needs. Whether cheese prices follow butter prices down will depend on whether seasonal tightening is sufficient to withstand lower milkfat values. In any case, the seasonal peak in milk prices may come early this year.

Milk Production Starts To Grow. Spring milk output rose about 1 percent as declines in milk cow numbers eased and expansion in milk per cow picked up. Even so, conditions in feed markets during the first half had not improved enough to provide a firm foundation for growth in milk production. Neither returns over concentrate costs nor the milk-feed price ratio were better than moderate. Additionally, hay prospects have dimmed considerably as rains in the Northwest, Midwest, and Northeast cut the quality of the first-cutting of alfalfa and are now threatening the second cutting. Sharply higher farm milk prices and continued erosion in prices of concentrate feeds are expected to produce favorable, possibly quite favorable, milk-feed price relationships during the second half of 1998. If supplies of dairy-quality forage are adequate, these returns probably will stimulate expansion of strong dairy farms and accelerate growth in milk per cow. By late 1998, milk production could be on a solid expansion course. However, production response is unlikely to do much to alter summer milk markets. Uncertainty about forage supplies and the sharp price drops immediately preceding the price reversals may make for a cautious start to boosting milk production. For all of 1998, the milk-feed price ratio is projected to average about 1.8, consistent with the expected growth of almost 2 percent in milk per cow. Even so, the expected expansion would not represent any catching up after 2 years of below-trend growth, in part because the really strong ratios would come late in the year. Similarly, returns over concentrate costs are expected to increase 11 to 15 percent in 1998, returning to about the strong 1996 levels. But, milk cow numbers may decline almost 1 percent, similar to 1997. Strong production stimulus during the second half of 1998 could affect 1999 output considerably more than this year's.

Milkfat Demand Booms. Riding the continuation of a remarkable economic expansion, demand for milkfat remains very strong. Since mid-1997, very high butter prices have been required to ration the available supply of milkfat among potential users. Regular ice cream, fluid cream, cream cheese, and butter have all shown strength, although in some cases lower-fat versions of these products have been weak. However, some of this short-run demand strength may still reflect increased non-retail use spurred by the low butter prices of a few years ago. Food processing and away-from-home eating comprise most of the butter use (and likely a substantial share of other milkfat sales) and are very slow to respond to price changes. However, such a price reaction to the high prices may be coming--although more likely in 1999 than yet this year. Moderate growth in demand for cheese has contributed to demand for both milkfat and skim solids. For the rest of 1998, strong milkfat demand and weak skim solids demand should translate into moderately favorable demand conditions for farm milk, unless the slight apparent acceleration in first-half cheese demand continues.

Above-quota Butter Imports Likely. High butter prices have made it potentially profitable to import butter without a license and to pay the tariffs (totaling 83 cents per pound) for imports above the tariff-rate-quota (TRQ). Reportedly, such imports have occurred, but the total amount probably will be modest. Domestic butter markets in the European Union (EU) are somewhat tight and available export supplies are being absorbed readily by normal customers. Oceanic (Australia, New Zealand) production is seasonally almost non-existent, and stocks from the past season are fairly fully committed. These conditions make it risky to try to import beyond the TRQ because it may not still be profitable by the time the butter can be obtained and shipped here.

Summer Milk Prices Strong. Summer milk prices will be much above a year earlier because of the late spring jumps in butter and cheese prices. Even if the Basic Formula Price (BFP) fails to hold its early summer level, average prices of all milk during the summer quarter are expected to average \$1.50 to \$2.25 per cwt higher than a year ago, following a rise of about \$1 during the first half of 1998. The keys to autumn prices will be whether skim solids demand will pick up enough to support cheese prices and the extent of pipeline holdings of milkfat in late summer-early autumn. Conditions are projected to hold prices near year-earlier levels in late 1998, but a steep price slide is possible. Retail dairy prices were fairly stable during the first 5 months of 1998, averaging about 2 percent above a year earlier. The farm-to-retail price spread was about 2 percent below the greatly expanded levels of 1997. Retail dairy prices will be considerably higher in the second half of 1998, even if the farm-to-retail spread stays moderate. For all of 1998, retail prices are expected to average 2 to 4 percent above 1997.

* This summary was developed by the Market Information Branch, Agricultural Marketing Service, USDA, Washington, D.C.

Source: "Livestock, Dairy, and Poultry Monthly", LDP-52, July 16, 1998, Economic Research Service, USDA. For more information, contact James J. Miller, or Laverne T. Williams, (202) 694-5184.

FLUID MILK SALES BY PRODUCT, TOTAL UNITED STATES, 1988-97

Year	Whole milk	Lower fat milk	Skim milk	Flavored whole milk	Other flavored milk	Butter-milk	Total beverage milk <u>1/</u>	Total cream products <u>2/</u>	Eggnog	Yogurt	Total all products <u>3/</u>
Million Pounds											
1988	24,423	21,974	3,936	807	1,612	995	53,747	1,735	128	1,090	56,700
1989	22,743	23,769	4,988	767	1,606	907	54,780	1,804	124	1,028	57,736
1990	21,348	24,525	5,706	692	1,658	879	54,808	1,778	123	997	57,706
1991	20,847	25,133	6,023	675	1,726	858	55,262	1,829	111	1,063	58,265
1992	20,263	25,309	6,378	692	1,751	811	55,204	1,924	115	1,081	58,324
1993	19,535	24,920	6,871	693	1,783	783	54,585	1,963	108	1,102	57,758
1994	19,407	24,972	7,485	708	1,859	768	55,199	1,996	109	1,216	58,520
1995	18,734	24,295	8,391	707	1,921	742	54,790	2,103	112	1,333	58,338
1996	18,821	24,169	8,929	667	2,088	716	55,390	2,208	100	1,283	58,981
1997	18,527	23,858	9,195	680	2,167	695	55,122	2,321	103	1,371	58,917

1/ Includes whole milk, lower fat milk, skim milk, flavored whole milk, other flavored milk, and buttermilk.

2/ Includes half and half, light cream, heavy cream, and sour cream and dip.

3/ Includes total beverage milk, total cream products, eggnog, and yogurt.

Source: "Livestock, Dairy, and Poultry Monthly", LDP-52, July 16, 1998, Economic Research Service, USDA. For more information, contact James J. Miller, or Laverne T. Williams, (202) 694-5184.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF OF JULY 27 - 31, 1998				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED		SINCE	SAME PERIOD	PERIOD ENDING		SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES		10/01/97	LAST YEAR	07/24/98		LAST YEAR		
BUTTER											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE											
Block	-0-	-0-	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK											
Nonfortified	1,855,399	1,612,941	242,458	134,994,366	6,102,821	-0-	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	1,855,399	1,612,941	242,458	134,994,366	6,102,821	-0-	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF JULY 27 - 31, 1998 =	0.1	2.8	COMPARABLE WEEK IN 1997 =	0.1	3.8
CUMULATIVE SINCE OCTOBER 1, 1997 =	29.7	1,571.3	CUMULATIVE SAME PERIOD LAST YEAR =	18.9	89.9
CUMULATIVE JANUARY 1 - JULY 31, 1998 =	28.0	1,478.9	COMPARABLE CALENDAR YEAR 1997 =	18.9	89.9

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	1,514,684	11,195,544	-0-	8.3	73.8
WEST	-0-	-0-	-0-	392,874	123,512,279	6,102,821	91.5	26.2
EAST	-0-	-0-	-0-	-0-	286,543	-0-	0.2	0.0
TOTAL	-0-	-0-	-0-	1,907,558	134,994,366	6,102,821	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 07/11/98 & Comparable Week 1997 1/ 2/

Regions*											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1:	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1	
1998-Dairy cows HD (000)	0.3	1.4	5.1	4.7	16.4	2.2	2.2	1.1	8.3	2.6	44.2	1,446.3	41.8	46.6
1997-Dairy cows HD (000)	0.4	1.5	6.0	6.0	20.3	2.6	2.9	1.0	8.4	2.9	51.9	1,549.1	44.9	46.0
1998-All cows HD (000)	0.3	1.4	7.0	15.8	23.0	20.3	14.7	5.6	11.0	6.7	105.8	3,106.8		
1997-All cows HD (000)	0.4	1.6	8.0	16.5	28.0	15.4	17.8	9.1	11.4	7.3	115.5	3,369.6		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES 7/30

	SEPTEMBER DELIVERY
5# PROCESS LOAF	792,000 \$1.6525-1.7338
PROCESS SLICED	316,800 \$1.7475-1.7566
MOZZARELLA	
MOZZARELLA	524,160 \$1.7800-1.8000
CHEDDAR	
CHEDDAR SHREDDED	345,600 \$2.0597-2.0954
CHEDDAR CUTS	439,452 \$2.0650-2.1050
CHEDDAR BLOCKS	918,852 \$1.9125-1.9625
REDUCED FAT BLOCKS	199,750 \$1.9300-2.0575
REDUCED FAT CUTS	199,751 \$2.1600-2.1700
REDUCED FAT SHREDDED	384,000 \$2.1900-2.2375

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 76,380,959

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10						